

**MISSOURI PUBLIC SERVICE COMMISSION APPROVES  
KANSAS CITY POWER & LIGHT/WESTERN RESOURCES MERGER**

Jefferson City (September 2, 1999)---The Missouri Public Service Commission has approved an agreement which authorizes the merger of Kansas City Power & Light Company and Western Resources, Incorporated. Under the agreement, the merger premium would not be recovered in Missouri rates, there would be a rate moratorium as well as a one-time bill credit for customers.

Western Resources and Kansas City Power & Light agreed to merge in February of 1997. If the deal is completed Western's utilities, Kansas Gas & Electric and Kansas Power and Light, would join Kansas City Power & Light in a new company to be called Westar Energy (Westar).

The agreement approved by the Commission was submitted by the PSC Staff, the Office of the Public Counsel, Western Resources, Incorporated, Kansas City Power & Light Company and the Missouri Department of Natural Resources. The agreement reached was the result of extensive negotiations conducted by the above parties.

Under terms of the agreement approved by the Commission:

\* **The merger premium** (the amount of the purchase price above net book value) paid by Western Resources for Kansas City Power & Light **will not be recovered in rates from Missouri ratepayers.** The Joint Applicants estimated this amount to be approximately \$870 million.

\* Approximately 14 months after the merger closes, Missouri ratepayers will see a **one-time bill credit of approximately \$5 million. In April of this year, the Commission approved an agreement which reduced the electric revenues of Kansas City Power & Light by approximately \$15 million.**

\* **A three year rate freeze.** Parties have agreed that a general rate increase or rate reduction will not be filed prior to the earlier of September 30, 2002 or 30 months after the closing of the merger. In addition, no rate increase or decrease would take effect prior to March 31, 2003, or 36 months after the closing of the merger, whichever occurs first.

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\* **Customer service standards.** Under the agreement, the parties have developed customer service standards which establish reasonable and appropriate customer service standards for Westar's Missouri customers. In addition, the executive headquarters of Westar will be located in Kansas City, Missouri.

\* **Market power study.** As part of the agreement approved by the Commission, Westar is to submit to the Commission a retail market power study of the merged entity which may be required by legislation or is related to the start of retail electricity competition in Missouri.

The Commission's vote to approve the merger was unanimous.

Kansas City Power & Light serves approximately 256,000 electric customers in western Missouri.

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